

**SUPERIOR COURT OF THE DISTRICT OF COLUMBIA
Civil Division**

DISTRICT OF COLUMBIA
Department of Insurance, Securities
and Banking,

Petitioner,

v.

D.C. CHARTERED HEALTH PLAN, INC.,

Respondent.

Civil Action No.: 2012 CA 008227 2
Judge: Anthony C. Epstein
Calendar No.: 15
Next Scheduled Event: Status Hearing
April 29, 2022, at 10:00 a.m.

PRAECIPE

**NOTICE OF FILING OF SPECIAL DEPUTY TO THE
REHABILITATOR'S TWENTY-FIFTH STATUS REPORT**

D.C. Chartered Health Plan, Inc., acting through its Rehabilitator and his attorneys, files
the attached Special Deputy to the Rehabilitator's Twenty-Fifth Status Report.

Dated: March 31, 2022

Respectfully submitted,

/s/ Richard E. Hagerty
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Deputy to the Rehabilitator for D.C. Chartered
Health Plan, Inc.*

Certificate of Service

I hereby certify that on March 31, 2022, a copy of the foregoing *Notice of Filing of Special Deputy to the Rehabilitator's Twenty-Fifth Status Report* was filed and served by email upon:

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Richard E. Hagerty

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**SPECIAL DEPUTY TO THE REHABILITATOR'S TWENTY-FIFTH STATUS
REPORT**

Daniel L. Watkins, as Special Deputy to the Rehabilitator of D.C. Chartered Health Plan, Inc. (in Rehabilitation) ("Chartered"), files this *Twenty-Fifth Status Report*. Chartered's receivership is now very near closing. Court orders granting several motions by the Rehabilitator have led to the following:

- Settlement with Jeffrey E. Thompson ("Thompson") and D.C. Chartered Healthcare Systems, Inc. ("DCHSI") and the dismissal of long-running litigations.
- Disposal of Records including: 1.) the termination of expensive record retention arrangements with vendors previously required under litigation holds and federal regulations; and, 2.) the destruction of extensive electronic and paper records no longer necessary in the Rehabilitation.
- Closing Agreement with the IRS ("Internal Revenue Service") resolving outstanding tax issues with the IRS and payment of outstanding taxes with no penalties or interest.

- Distribution of Chartered assets to its healthcare provider creditors providers representing of 6% of healthcare providers total allowed claim amounts. At March 30, 2022, \$3,795,635 has been sent to healthcare providers for the 6% distribution. 191 providers received 97% of the \$3,949,521 projected to be available for distribution. 160 providers did not respond to numerous notices and requests for a W-9 to receive a final 6% distribution. A total of \$114,456 represents the 6% distribution for those 160 providers. The money for those providers will be forwarded to unclaimed property custodians in 19 states, the bulk of it to Washington, D.C. and Maryland custodians. There is also \$25,768 in uncashed checks to some providers from the prior distributions. The money for those uncashed checks will also be forwarded to unclaimed property custodians. A final mailing will be made to these providers notifying them of the deposit of their distribution or uncashed check with the unclaimed property custodian in their jurisdiction.

Pursuant to the Court's orders, the Special Deputy:

- Paid Iron Mountain \$179,742 for final storage costs and destruction of over 10,000 boxes of paper records;
- Paid Unity Health Care \$99,200 to assume responsibility for storage and ultimate destruction of Chartered Family Health Center medical records stored at Iron Mountain;
- Paid the IRS \$185,405 pursuant to the Closing Agreement to resolve outstanding tax matters;
- Paid or reserved the following administrative expenses pursuant to and within

Closeout budget approved by the Court:

- Legal Accounting, SDR statements Feb-May 2021
 - Scribner Hall (tax advice) \$ 469

▪ Troutman Pepper (counsel)	9,338
▪ Special Deputy Rehabilitator	13,769
○ Scribner	312
○ Troutman Pepper (counsel)	13,996
○ Special Deputy Rehabilitator	66,552
○ Ed Oswald (accounting)	38,426
○ Beverly Dunn (tax returns)	15,906
○ SS&C (statutory accounting)	1,605
○ Brown Smith Wallace (accounting)	1,000
○ IT software/backup, storage	7,117

The closeout expenses paid or reserved total \$644,235. The approved closeout expense budget total is \$674,367. So, \$30,132 in the projected administrative expense budget will not be utilized (see Exhibit 1).

The Special Deputy has received certificates of destruction of its electronic records held at Ankura and its paper records stored at Iron Mountain. The hard drives of Chartered's servers and lap top computers residing at AmeriHealth Caritas under a service agreement have been destroyed.

Paper and electronic financial and tax return records have been assembled by Chartered's contract accounting and tax consultants to forward to Jeff Thompson per the terms of the litigation settlement.

The Special Deputy filed Chartered's federal 2020 tax return for the fiscal year ending April 30, 2021. A final tax return for 2021 fiscal year ending April 30, 2022 will be filed by the end of the second quarter of 2022 notifying the IRS that Chartered's assets have all been distributed and the estate closed. Chartered's bank accounts will be closed after final checks have cleared.

Because final administrative expenses have been \$30,000 less than the budget approved by the Court and additional cash of approximately \$30,000 remains in the claim account, a final

distribution of those remaining assets can be made to healthcare providers. In the interests of efficiency and administrative cost, the Rehabilitator recommends that a final distribution on Class 3 claims to healthcare providers be limited to those creditors whose total allowed claim is large enough to generate a \$1,000 or more in such a distribution. This threshold amount will distribute Chartered's remaining assets to the providers with the largest claims in the estate. A motion seeking the Court's approval of a final distribution of assets has been filed contemporaneously with this report. The \$60,000 projected to be available for this final, final distribution comprises approximately a .006% distribution of total allowed provider claims. Providers have ultimately received payments for 90% of their allowed claims in the Chartered receivership with these final asset distributions--\$60 million ultimately paid on provider claims totaling \$67 million.

The Special Deputy will file a Certificate of Completion after a final distribution to providers is approved and made and the final tax return has been filed.

Respectfully submitted,

/s/ Daniel L. Watkins

DANIEL L. WATKINS

Special Deputy to the Rehabilitator of
D.C. Chartered Health Plan, Inc.

EXHIBIT 1

Approved Closeout Budget/Actual Expenses

	Cash on Hand 3/31/21	\$ 4,560,269.00	
	Legal, Accounting, SDR statements pending DISB/Court Approval Feb-May 2021	\$ 20,000.00	
7/9/2021	Scribner Hall		\$ (469.00)
7/9/2021	Troutman Sanders		\$ (9,338.00)
7/9/2021	SDL		<u>\$ (13,769.00)</u>
			\$ (3,576.00)
	IRS Tax liability	\$ 185,405.00	
6/3/2021	Dept of the Treasury		<u>\$ (185,405.00)</u>
	Final Record Storage/Destruction	\$ 278,962.00	
6/4/2021	Iron Mountain		\$ (179,742.00)
6/4/2021	Unity Med. Ctr for Chartered Family Health Ctr records		<u>\$ (99,200.00)</u>
	Balance in Record Storage/Destruction		\$ 20.00
	Final Tax Return preparation/filing/shipping records to DCHSI	\$ 30,000.00	\$ (15,906.00)
	Final Accounting for taxes/closeout of estate/shipping records to JT	\$ 25,000.00	\$ (38,426.00)
	Final Legal expense	\$ 50,000.00	\$ (14,308.40)
	Final SDR expense/distribution of assets	<u>\$ 50,000.00</u>	<u>\$ (66,551.57)</u>
		\$ 155,000.00	\$ (135,191.97)
	Contingency	<u>\$ 35,000.00</u>	
7/9/2021	Balance from Pending Legal/Accounting/SDR Feb-May 21		\$ (3,576.00)
12/31/2021	Recovery Point System (data/records backup)		\$ (750.00)
12/31/2021	NAIC (Final)		\$ (240.00)
12/31/2021	SS&C Statutory Accounting (Final)		\$ (1,605.00)
12/31/2021	Brown Smith Wallace Accounting (Final)		\$ (1,000.00)
12/31/2021	Ankura Hosting fee (docs stored re Federal subpoena) (Final)		\$ (9,496.60)
12/31/2021	DST Health Solutions (software, backup)		<u>\$ (4,452.00)</u>
	Balance Remaining in Contingency		\$ 13,880.40
	Closeout Budget Total	\$ 674,367.00	
	Total Checks Written for Closeout Expenses through 1/18/2022		\$ (644,234.57)
	Balance available for closeout expenses/further distribution	\$ 30,132.43	
	Projected Balance for Final 6% Class 3 Distribution	\$ 3,885,902.00	
	Distributed through 3/31/2022	<u>\$ (3,795,635.00)</u>	
	Projected Amount To be Distributed to Lost Property Custodians*	\$ 90,267.00	

* Does not include \$25,768 in uncashed checks from prior distributions which will also be forwarded to lost property custodians in various jurisdictions.